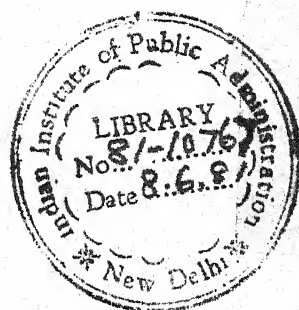


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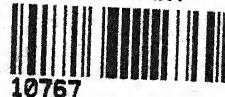
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'MARKETED SURPLUS' OR SELF-PROVISIONING
OF FOOD: QUESTIONS CONCERNING CONTEXTS
AND CONCEPTS

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'Marketed Surplus' or Self-Provisioning
of Food: Questions Concerning Contexts
and Concepts

Kamal Nayan Kabra

The debate on issues centering around what has come to be called 'marketed surplus' of agriculture has been long, vexed, controversial and inconclusive.¹ One comes across a spate of theoretical and empirical writings on these issues in the wake of the revival of development economics since the Second World War.² However, the debate dates back not only to classical political economy³ but also to the great debate on industrialisation in the Soviet economy during the 'twenties'.⁴

This has been the case for many reasons. For one thing, the concept and theoretical propositions concerning 'marketed surplus' are relevant in many different contexts⁵ ranging from different forms of ground-rent and its relation to surplus-labour and surplus-product,⁶ to questions of financing economic development and to goals and instruments of food-policy. Then, the conceptual issues relating to it and its response to various economic variables (like price changes, changes in cropping pattern and levels of output etc.), social variables (forms of tenancy, various kinds of agrarian structures, etc.) and political variables (methods of raising the quantum of 'marketed surplus', the adjustment of terms of trade between various inter-sectoral transactions etc.) are of abiding theoretical and practical import.⁷ Owing to such a wide sweep of issues spanned by

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discussions about marketed surplus, the literature on it experiences inter-paradigm shifts back and forth, from neo-classical to liberal to radical political economy frameworks, and at times in a fairly unannounced manner. The discussions on these issues are closely related to numerous debates on forms and modes of production, alternative development strategies and other alternative institutional and policy frameworks.

In addition to the rather wide canvass and diversity of themes related to discussions on marketed surplus, the processes of empirical verification of these propositions and analyses of historical experience in this connection have added further diversity to the literature on the subject, with some forward linkages to conceptual framework and theoretical propositions.

The purpose of the present note is to present a thematic-conceptual selective survey of some important Indian works* on the issues related to 'marketed surplus'. We would like to place these works in their specific contextual framework and try to see how far are the concept, categories and theoretical propositions used and/or arrived at are consistent with or adequate to the tasks/objectives chosen. The specific context in which the discussion took place also relates to, for instance, a certain perception

*by Indians or relating to India.

of the development goals, processes and policies. Since these approaches and contexts, and the specifics of discussion on 'marketed surplus' are closely inter-related, we will have to critically examine the underlying perspective in order to cognise the latter.

For instance, the questions about the size of marketed surplus are asked by many in the context of the debates on mode of production in agriculture.⁸ Here the concern has to be with market and monetised transactions of agriculturists which are both intra-sectoral and inter-sectoral. However, owing to an important tradition in the discussions on 'marketed surplus' which asks questions concerning the relation between marketed surplus and industrialisation, one finds that these 'market-orientation' discussions ignore intra-sectoral market and monetical transactions in keeping with the concerns of those with an 'industrialization-orientation'.⁹ Hence, any attempt to take a retrospective view of the debates and theories concerning 'marketed surplus' has to locate specific concepts of 'marketed surplus' and other related propositions in their specific contextual perspectives. This exercise is essential in order to distinguish the 'general' concepts and propositions from the 'specific' ones and in order to systematise the debate.

To begin with, we attempt to identify the major contexts and objectives which spurred the debates and explorations on questions relating to what is generally referred to as 'marketed surplus'. Even if the actual writings did not possess such a clear-cut thrust and so sharply defined a perspective, we will discuss each perspective separately in order to clarify the issues and concepts involved. It is these different contextual perspectives which, in our views, can go towards explaining the conceptual diversity and lack of focus concerning the categories and terms in which the debate has been conducted.¹⁰ We propose to go into each of these conceptual and terminological issues in the subsequent sections separately and then propose what we consider appropriate concepts relevant to different contexts. In this manner we hope to demonstrate that 'marketed surplus' is a concept comprising two incongruous elements, is without an empirical counterpart and is a misleading concept.

I

The most popular context for a great many discussion of 'marketed surplus' is provided by the theories of development in general and of the 'imperatives of industrialization' in particular.¹¹ Generation, mobilization and utilization of surpluses can be considered to be the common elements in many theories of development.¹² The question of the role of agricultural surpluses can be considered, in some senses,

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to be the specific form of the general proposition concerning the role of surpluses. One can identify various kinds of surpluses labour, finance, foreign exchange, real (in general) and agricultural in particular. Then there is some discussion concerning actual and potential surplus. The roots of such approaches go far in the past.

In so far as the classical political economy dealt with some of the questions which arose in the course of early stages of capitalist development and industrial revolution in the West, it devoted a great deal of attention to the question of inter-sectoral shifts and linkages (more particularly between agricultural development and industrialization).¹³ These linkages between agriculture and industry consisted of savings, wage-goods (mainly food), raw materials and labour. It may be recollected that a good part of these surplus mobilizations and transfers took place through the processes of primitive accumulation (i.e. use of coercion, fraud etc.) and these processes were not only inter-sectoral but also international through the colonial-imperial processes and networks.¹⁴ Both these characteristics impart a fairly strong degree of specificity to these processes which go to delimit the degree of their general applicability.

Following from this tradition, as well as on the basis of some specific interpretation of the experience of some countries, more particularly that of Japan and U.S.S.R.,

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agricultural surpluses and their transfer to the industrial sector were considered sine qua non economic development.¹⁵

Many different kind of arguments have been advanced in support of the critical role of agricultural marketed surpluses. It has been argued, for instance, that since agriculture is the dominant sector of the LDC's, it is but natural for this sector to provide the surpluses (financial and real) for economic development.¹⁶ Though it is rarely elaborated as to what is concretely meant by the 'dominance' of agriculture, one presumes that it may refer to both its absolute and relative size in terms of employment, contribution to GNP. etc. However, it is not at all clear as to how the potential for surplus generation can be related to the absolute or relative-size of any sector irrespective of its productivity per worker or per unit of capital and/or land. One can possibly think of the size of surplus per capita, per worker, per acre of land, per unit of capital and/or per operational ownership unit (firm or farm) as being relevant for the potential size of the surplus. As a result of relating the size of surplus to such operationally relevant categories as listed above, it would appear that it is classes or, for that matter, groups of persons and not sectors which can be identified and credited with differential potential for surplus. In as far as a real surplus has to consist of various elements needed in the process of extended reproduction, food sector

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(providing real elements of variable capital), agricultural sector (providing many raw material component of constant capital) and department I sector for capital goods become relevant. However, the question of the size of physical surpluses through curtailment of current consumption and their transfer or mobilization on the basis of offering unfavourable terms in order to induce or force the surpluses are two separate questions.¹⁷ Transfer of surplus through restraint on consumption of the products of the sector may well come about by substitution of consumer goods originating from the other sector. While existence of real surpluses is something sectoral, their mobilisation (through curtailment of current consumption) is a class or inter-personal question. Just as there is always a problem of matching physical and financial surpluses, there are analogous problems of inter-sectoral and inter-class balancing. Various sectors will have disparate sizes of surplus resources/products which can be made available for extended reproduction within and without sectors on so many alternative terms and conditions. The size of a sectoral surplus as such can have little to do with the terms on which it can be or ought to be mobilized and transferred. Hence, unless it can be shown that the agricultural or food sector generates the largest amount of real surplus per

worker or per person which is needed for sustaining an investment programme, it will be simplistic and misleading to visualise it as contributing the largest part of the surplus.

This takes us to the next line of reasoning suggesting a large role for agriculture in contributing the surpluses needed for development. In so far as an investment programme of an increasing order is to be carried out as a part of the strategy of development, there will be obvious physical input requirements in terms of investment goods, intermediate goods and wage-goods, with some of them, mainly intermediate and wage-goods originating from the agricultural sector. In a closed economy the domestic agricultural sector must meet the intermediate and wage-goods requirements which is feasible when the sector produces a surplus (i.e. a level of output in excess of subsistence requirements). If food and raw materials are to be imported, agriculture must, then, contribute to export surpluses to finance these imports. This is a question of physical conditions of extended reproduction and does involve inter-sectoral resource transfers.

In so far as any strategy and programme of economic development does involve higher and rising levels of output, (without the converse being necessarily true) and, to a certain extent, in the industrial sector (or, non-agricultural sector), a certain amount of agricultural surplus and its transfer to other sectors, particularly to

industry, is an important concomitant of economic development. This is a particularly relevant point in so far as there are additional employment implications of development as food is the wage-good par excellence in countries with widespread relative and absolute poverty.¹⁸

But there is nothing unique about agriculture providing its surpluses to the other sectors.¹⁹ Every sector, to varying degrees, provides inputs to other sectors which normally must be 'surplus' (in the sense of excess of output of a sector over internal uses of its own output - admittedly a very special definition) in order that they are transferred or sold to other sectors. The fact that the quantitative proportions of such inter-sectoral surplus transfers are different for different sectors in different countries over different periods of time is to be explained in terms of existing economic structures, the pattern of expansion sought, the degree and possibilities of international exchange, technological possibilities and the like.

What is important to realise is that a gross physical transfer from the sector to another is enough to meet the requirements of input-output relationships without any necessary implications for such transfers being financially net in any particular direction. In other words, a sector

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contributing a net transfer in the physical sense need not necessarily make a net financial contribution. For example, agriculture may be called upon to transfer a physical surplus (over and above its own subsistence needs) to non-agriculture, but it may well be at its full cost or cost-plus financial equivalent. The question of who finances investments is different from who provides its physical wherewithals. Hence a case for physical surplus transfer is not a case for making financial savings contributions.

However, in addition to inter-sectoral input requirements which / produce a need for agricultural surplus mobilization, another argument can also be advanced. The sale of agricultural surplus goods to non-agriculture puts some purchasing power in hands of agriculturists.²⁰ This purchasing power creates demand for industrial goods among agriculturists and in this way gives fillip to industrialisation and economic development. This argument, runs in contradiction with the pleas made for combining real surplus mobilization from agriculture with making agriculture restrain its consumption in order to finance capital formation. The reduction in agricultural sector's consumption need not necessarily fall on its own produce and given the primary wage-goods character of foodgrains may well be mainly at the cost of industrial goods. Thus supporting industrial capital formation from finances raised from the agricultural sector

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may dry up agricultural sector's demand for industrial goods and hamper industrialization. Thus the case for agricultural real surplus as a factor in development may run counter to the case for agricultural financial savings as the major contributor to the process of development.

In addition to the above arguments, the role of agricultural surpluses in economic development has been made on yet another ground. Making accumulation a function of industrial wage-rate and terms of trade between agriculture and industry in a country without recourse to colonies, it is suggested that if it is not possible to reduce the industrial wage-rate, one has to make the terms of trade move against agriculture in order to squeeze a surplus out of it.²¹ That is to say, those who are not 'fortunate' enough to have 'external colonies', must have 'internal colonies' in the form of some sectors or regions to carry out the process of primitive accumulation.

Apart from the unanswered questions about a whole host of stated and unstated political assumptions, the above argument implies that i) industry either does not have surpluses or they are inadequate (either quantitatively or on account of their incentive effects) to sustain capital accumulation; ii) agricultural output cannot be or need not be divided between its subsistence (essential for reproduction)

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and surplus components and must be treated as one. Hence the question of raising surplus from agriculture is not related to its 'surplus' or 'subsistence' components but to agricultural output as a whole.²² It is obvious that both the assumptions are highly restrictive. Then, physical and financial aspects of surplus have not been distinguished. As a result, problems of availability or existence of surplus have been lumped up with those of its mobilization or 'squeezing'. As mentioned earlier, it is one of those arguments which postulate a close identity between sectors (based on technical-physical criteria) and classes and/or grouping of economic agents and entities.

However, in the entire discussion on surpluses in the context of development an explicit distinction between its existence or size on the one hand, and problems of its transfer or mobilization on the other, is not made except in one situation. That is in the form of the suggestion that manipulation or adjustment of the inter-sectoral barter terms of trade against the surplus-yielding sector can be effective in mobilising surpluses. It implies that the surplus is marketed²³ and the prices can be moved against the surplus providing sector. That is to say, the sector providing the physical surplus does not receive an aggregate return commensurate with what it pays to the other sectors of the economy, ending up with a negative balance in

intersectoral transactions. Thus, it not only provides physical surpluses needed to carry out the investment programme, (which is nothing but conversion of one set of commodities into another through trade) but also finances the investment (which means non-equivalent exchange).

The emphasis on inter-sectoral flows indicates as though the need for surpluses consequent upon an investment programme arises in the non-agricultural sector alone. Either agriculture hardly receives any investment or such investments are not dependent on any surplus flows. Or, it amounts to treating the entire agriculture as one single block in which whoever makes investment has own internally generated surpluses of wage, intermediate and capital goods. Obviously, these are highly artificial and restrictive assumptions.

In any realistic situation, agricultural surpluses will have to come mainly from additional production in agriculture.²⁴ The additional agricultural output will largely be a function of additional investment in agriculture needing surplus of wage, intermediate and capital goods.²⁵ In so far as many of these goods will be of agricultural origin, and in so far as they may not be directly under the command of those who are undertaking the investments, even agricultural investments will be predicated upon existence of surpluses

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in adequate quantities and their transfer to the hands of those who would need them. Thus some amount of agricultural surpluses will be used up within agriculture and will have to enter market transactions between various groups of agriculturists spread over many different regions. Thus neither the size of agricultural surpluses nor their marketed proportions have any necessary relationship with the growth of non-agricultural investment and employment.

The emphasis on 'marketed surplus' as a contributor to growth may imply that the larger the surplus, the better it is for growth. That is since the supply of agricultural or food surpluses is a major constraint, there need not be any constraint of demand ^{facing} / the supplies of 'marketed surplus' which may be forthcoming. More particularly, it tends to free the growth of agriculture of any demand constraint. This is something which neither has a **sufficient** a priori basis, nor could empirical situations may be wanting in which the size of the market has posed problems for further agricultural growth. Even India's experience in the wake of the green revolution in terms of support-price procurement operations and bulging food stocks in the midst of widespread absolute poverty in terms of food consumption goes to high light the role of demand (as different from needs) in agricultural growth in the same way as in any capitalist production.

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II

Another set of writings on the 'marketed surplus' may be placed in the context of the controversies about the mode of production in Indian agriculture.²⁶ Taking generalised commodity production as an important indicator of capitalist mode of production, many attempts were made to show the extent to which food and other agricultural products became commodities.²⁷ The extent to which there were differences in the extent of commodity-production as between different size-groups of holdings, crops and regions, along with the extent of the use of hired labour, monetisation (seen, for instance, in cash as against kind payment), and the extent and forms of share-cropping were widely discussed as having a bearing on the question of characterisation of the mode of production in Indian agriculture.²⁸ This question was also germane to the debate owing to postulations concerning first, the sequencing of commercialisation of product market, land-market and labour market and, second, the linkages between the three.

To the extent that this indicator was apposite, what one needed to look for was the total magnitude of market transactions in product (both inputs and outputs) market, referring to the gross value of such transactions

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irrespective of buy back of the foodgrains by the cultivators for consumption or seed-feed purposes.²⁹ This is because recourse to market and monetised transaction was considered one of the critical variable indicating the extent of commodity-money relations in agriculture.

As far as commodity-money relations as an index of capitalist mode of production are concerned, it is immaterial whether or not the marketed portion of the output is 'surplus' (excess over subsistence).³⁰ Even from the point of extended reproduction and further capitalist development (relating specifically to development of productive forces), it is incorrect to identify 'marketed surplus' with investible surplus (the latter being relevant from development perspective).³¹ It is true that as the social division of labour develops, labour productivity rises, and the home market expands, possibilities emerge for increasing the proportion of surplus in total agricultural output.³² But to further assume that this entire investible surplus must be marketed outside agriculture (as is implicit in the definitions/^{of} 'marketed surplus') is to assume a particular type of technology which rules out the direct use of agricultural output itself as an input for, extended reproduction in agriculture.

However, much of the literature proceeds in such analyses in terms of what is generally referred to as 'marketed surplus'. From this point of view, Dharm Narain (1961) while defining 'marketed surplus' comes very close to identifying marketed part of output when he defines it as that which enters monetized exchange. However, he restricts it in two senses. One, by excluding sales by non-cultivators (e.g. by labourers who receives wages in kind), the commodity character of food is arbitrarily restricted. Then, by referring to net-sales (i.e., by not including 'buy back' of the cultivators) some commodity transactions are excluded because the buy backs are treated on par with the portion of output retained for self-consumption or seed-feed requirements.

It is as a result of the commodity-character of foodgrains that the farmers do not retain the entire annual requirements. Even if the underlying subjective motive may not be profit or gain (i.e. commercial sales) but 'distress' (on account of pressing cash obligation, which a fortiori reinforce the commodity character of the goods in question) owing to their non-viability, it does not compromise the objective market character of the transaction because it is not based on non-market forces. It is clear that commodity-money or market relations are not a function

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of relative demand supply position alone but over-all economic conjuncture, including highly uneven distribution of productive assets and the consequent prevalence of small commodity forms of production.

In fact, there are reasons to presume that exclusion of 'buy-backs' springs from treating marketed part of output as synonymous with surplus available to non-agricultural sector. Since buy-backs basically amount to self-consumption by agriculturists, it is not available as an inter-sectoral flow and hence is excluded from 'marketed surplus'. As we have seen, its marketing character is quite independent of its 'surplus' character.

In fact, if the concern were to measure the extent of commodity-money relations, an overall sectoral 'marketed surplus' will hardly be relevant because intra-sectoral monetized exchange relations are equally well commodity-money or market relations. Commodity-money relations or generalised commodity exchange is a matter of micro level transactions. Macro-level aggregations in the form of estimates of total marketed surplus for a given sector cannot capture the extent of such relationships adequately.³³

How far is the use of marketed part of total agricultural output as an indicator of the extent of penetration of market relations appropriate or unambiguous is a

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question which is not directly relevant to the issues under discussion. Yet it needs to be stated that the degree of monetization in the agricultural economy is not identical with the extent of gross sales of agricultural output because money enters many other transactions, like those relating to land, labour, credit and taxes. Thus marketed part of output does not by itself indicate the total size of market-exchange relationships.

Another question relevant in this context is whether marketed output or marketable output is an appropriate indicator of market relationships. 'Marketable surplus' is a category different from 'the amount actually taken to market to be sold.'³⁴ As such, it is a notional or imputed quantify trying to figure out the amount which is available for sale to the non-agricultural sector. This bears little relation to commodity-money relations and hence cannot measure the extent of market penetration. For the latter purpose, it is the actual quantity marketed which is relevant. The concept of 'marketable surplus' arises from some sort of implicit mixing up of market transactions with the volume of 'surplus' i.e., availability to other sectors after meeting the needs of subsistence. Taken in its physical dimension it has a bearing on the determination of the investible surplus in the economy, though such surpluses

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may as well as go to support unproductive non-growth activities, without necessarily contributing to development.³⁵

Though marketable surplus is hardly relevant for indicating the extent of market penetration, marketed part of output is not the only or an unambiguous indicator. An important supplementary indicator can be in the form of the market dependence of various groups of people who need agricultural products and have no means of obtaining them save through the market.³⁶ This can be measured not only in terms of the demand for agricultural products originating in the non-agricultural sector but also in terms of fairly large magnitude of demand for agricultural produce, particularly foodgrains, coming from agricultural labourers and deficit small and marginal farmers (those whose production falls short of their own requirements). The conventional concept of marketed surplus looks at the phenomenon of market-relations entirely from the supply-side. Hence market dependence, looking at the phenomenon from the demand side, present an additional, useful way of looking at the extent of market penetration. The concentration of land-ownership in India, reflected in sizeable magnitudes of landlessness and non-viable cultivators, alongwith their low level of income and living entailing high income

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elasticity of demand for food represents a rather sizeable dependence on the market for meeting these needs. There is no reason why the market dependence factor should not be integrated with the phenomenon of marketed supply of agricultural produce in order to represent a balanced view of market penetration in produce, factors and financial markets.

III

In the literature on the food economy of India in general and on food policy in particular, many questions are related to issues associated with marketed surplus. Food policy as it has operated in India over the years has, in its short-run regulatory aspects been mainly concerned with factors like changing overall demand-supply balance, regional deficit and surpluses, low levels of consumption and nutritional deficiency for a large proportion of the population and highly unstable and rising prices of foodgrains.³⁷ The concern in food policy has been to protect the consumers' and producers' interests and make the food economy behave in a manner consistent with the persist of the overall objective of development planning.

The analysis of the impact of fluctuations in the level of food output are complicated on account of the divergence

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between food output and its supply to the markets or market sales.³⁸ Hence it becomes difficult to directly connect the level of net output with quantities available for consumption or with the behaviour of market prices. Among other reasons, the non-correspondence between output and sales on the one hand, and output and prices on the other, arises because of the variable behaviour of the proportion of output which enters the market, and has come to be known as 'marketed surplus'. 'Surplus' here has a very specific connotation - as "availability to the other sectors". In this sense, 'surplus' must be marketed; otherwise, how does it become available to other sectors? Thus the term 'marketed' becomes redundant. It is maintained in various studies that the output-sales relationship, influenced as it is by factors like the size of farms, scale of farming, relative prices of foodgrains and their changes, level of output and its fluctuations, consumption function of the cultivators, etc. may be either direct or indirect and the size of the response (elasticities of various kinds) may also be quite divergent.³⁹ Hence a large number of empirical studies were made to quantify mainly (1) price and output elasticity of market sales (or, 'marketed surplus') and (2) behaviour of different size-classes of farmers with respect to marketed proportion of their output.⁴⁰

Though the questions asked above pertain to micro-level decisions of cultivators, many studies work with aggregated

national or regional data for one or more crops for the chosen periods of study. To the extent that market-sales response of different groups of farmers is significantly different (i.e., for some groups moving positively with price and output increases and for others negatively), aggregation without specific reference to the dominant features of the population studied is liable to misleading interpretation and policy implications. Another difficulty with these studies is that for want of regular and firm data about market sales, these studies, for limited periods and for specific regions and crops, are caught in many statistical, estimation problems.⁴¹ In general lack of regularly collected, reliable and disaggregated data gave rise to interminable methodological debates.

These methodological quibblings apart, from the point of view of management of the food economy in its direct, short-run regulatory connotation and in its wider, development and long-run production augmentation context, the question of marketed proportions of the output of food and its counterpart, the self-provisioning proportion and the question of surpluses originating in the food sector have their distinct, though inter-related, relevance. To the extent prices are related to sold proportion of food output, cropping pattern and acreage response in a two way relationship, they have an interface with long-run,

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development questions. Similarly, since it has been shown that there is quite a regular and positive relationship between the levels of output and marketed proportions,⁴² the impact of long-run production policies on the short-run food management is also clear.

Notwithstanding these interfaces, the prime focus of short-run management of the food economy is on the total market sales of food and of the long-run, development policies is on surpluses i.e. investible surpluses originating in the food sector. Even the context in which the inter-sectoral flows of these surpluses become relevant from the point of view of the strategy of development, the question of marketing of these surpluses is not uniquely an inter-sectoral question. This is because marketing is as relevant in intra-sectoral exchanges when those who generate the physical surpluses do not themselves make use of them fully and/or the composition of their requirement of intermediate and investment goods is different from the real surplus which is internally generated by them. Moreover, the question of the terms on which these surpluses move, either inter-sectorally or intra-sectorally, is also one which does not admit of any specific, deterministic solution like the necessity to make the terms necessarily adverse to either agriculture or to non-agriculture.⁴³ In fact, as

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discussed earlier, it is not an inter-sectoral, but an inter-group or inter-class question. As such it has little direct relevance to food policy, especially its short-run aspects.

In fact, even in the context of food policy debates, the concept of 'marketed surplus' is made to answer many different questions. The concept which can help policy-makers in assessing the aggregate demand-supply balance for foodgrains, or to work out the implications of the two-way relationship between variations in market supply and prices cannot possibly be directly used for purposes of estimation of 'surpluses' available with different groups of cultivators in order to decide on the quantum and methods of procurement or to decide on the target groups to be covered under a public distribution system, or in determining the feasibility, desirability or form of rationing.

In so far 'marketed surplus' is related to exercises determining overall demand-supply balance, e.g. in order to prepare national food budget,⁴⁴ it is rarely realized that those who do not bring forth their output to the market, creating a disproportion between net output and sales, are at the same time withdrawing from market dependence for food consumption. That is the essence of self-provisioning.⁴⁵ To the extent, however, the self-provisioning cultivators

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may be having obligatory, distress resort to the market to meet various immediate needs for cash, they will have to buy back.⁴⁶ This is because what they sell in the first instance is a part of their subsistence essential for maintenance and reproduction.⁴⁷ The concept of marketed/marketable surplus cannot capture this phenomenon from the point of view of food management and policy because that which is initially marketed forms a part of subsistence and not of surplus. In any case, market dependence of these cultivators persists because basically they are 'deficit' farmers.

In so far as the concept of marketable surplus (irrespective of whether actual supplies to the market are made or not) is applied, these transactions involving buy-back which actually enter the market mechanism twice, are excluded. Such exclusion gives a misleading picture about total transactions involving food, price behaviour and seasonality of these variables which are of critical importance for managing the food economy. However, such an exclusion is only a theoretical possibility and not a practical proposition. A researcher may, through painstaking field enquiries, exclude such buy-backs for his limited sample. But given the magnitude, regional and temporal spread and variable reference population involved in such transactions, policy-makers and administrators can hardly

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obtain such a rarified entity on an ongoing basis at a reasonable cost and with an operationally meaningful time-lag.

Even the conceptual difficulties in getting at such a disaggregated information rule out operational generalisation based on such sample surveys. This is because non-inclusion in the market is based on the capacity to determine the level of subsistence which is a physiologically, culturally and politically determined entity. Only those who temporarily resort to the market to part with a part of their subsistence and then come back to the produce market either through reliance on labour-market (by seeking employment for earning the cash needed to buy back the food sold in the post-harvest period) or money-market (borrowing to finance purchases of food) can be excluded from 'marketable surplus' on the basis of a judgement that what they have sold was a part of their subsistence. This is a highly non-objective exercise. Then, from the point of view of preparing and implementing a national food budget, it is not only the annual supply and demand which are relevant but also intra-year sales. This is because such transactions and market behaviour create many price and nutritional problems and are mediated differently according to various kinds of structures and organisation of the marketing system. All these form parts of various operational concerns with the

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policy-makers. Exclusion of what is termed distress sale amounts to ignoring such intra-year transactions and their relationship with crucial areas of concern to food policy.

Since the concept of 'marketed surplus' is of little use in order to deal with the problems connected with short-run balancing of the food market, what one needs to find out is the overall demand-supply balance on the basis of comparing market supplies with anticipated demand. Since the anticipated demand is a function of distribution of purchasing power and capacity to buy food at different prices, little purpose is served by comparing available market supplies with an aggregate figure of requirements based on some nutritional norms.

This is because, given ^{an} uneven distribution of purchasing power, such norms are meaningful only if statutory rationing effectively stamps out the pull of higher purchasing power and policies and programmes to assure command over a certain minimum purchasing power give access to food to indigent groups.⁴⁸ In other words, such exercises at the preparation of national food budget in an economy with unequal distribution of purchasing power has to be accompanied by effectively guaranteeing the right or access to food. In other cases, with some partial direct and indirect controls alongwith private trade in foodgrains, what need to be

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compared are actual marketed supplies and market demand. Then, one cannot ask questions about distress or obligatory sales because means and policies to eradicate distress sales are not being adopted - not only radical ones of restructuring social production relations but even reformist ones of taking food consumption at subsistence levels out of the pale of market relations through statutory rationing in order to ensure conditions for maintenance and reproduction of labour power. The exercises at determining 'marketable surplus' are not focussed on the constraints and compulsions governing the total demand for food and allocation of food consumption. The choice of theoretical concepts and empirical data-collection has to be related to the kind of policy perspective being adopted. Preparing national food budget without the adoption of appropriate policy-tools is not only a wasted exercise but may prevent such other exercises which are essential for or consistent with the chosen policy instruments.

The literature on food policy has been concerned with not only the concept of 'marketed surplus' but also with working out the price and output elasticities of market surplus.⁴⁹ One ostensible purpose of such exercises is to determine the procurement targets: who is to be made to contribute how much of the supplies brought under public control. In view of the limitations of the concept of 'marketed surplus', it

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would be more appropriate to work out the market sales response functions (irrespective of surplus or subsistence character of the supplies) to price and output changes and nutritional-gap experienced by different groups and categories of population. The former may help in demand-supply balancing and price control policies, while the latter may be of help in working out policies for improving food-intake by various sections. For these policies, the surplus question is not only irrelevant, but may well be misleading.⁵⁰ Thus the food policy debates have, by and large, operated with quite a few inadequate or misleading theoretical categories and their empirical counterpart.

IV

Our discussion of the three major contexts in which traditionally the debates on 'marketed surplus' took place, though not in such a sharply differentiated manner as we have presented it, and some allusions to discussions on the question of 'marketed surplus' as such, has shown that the concept of 'marketed surplus' is among the inappropriate and misleading theoretical categories in matters of food policy (besides being so also in the context of theories of development and characterisation of modes of production) which tried to combine two important and separate questions,

i.e. the extent of market relations (belonging to the sphere of circulation) and the size of surplus (belonging to the sphere of reproduction).⁵¹ It did not realize that the congruence of the two, viz. 'marketed' and 'surplus' parts of output is a rather chance coincidence. Generally it can be seen (as argued in the foregoing parts) that all the marketed output need not be surplus, while all the surplus need not be marketed.

Among many reasons why such a hybrid concept with its component parts not necessarily sticking together came into existence and flourished, it appears that some factors seem to relate to the special socio-economic features of the product called 'food' in low-income countries like India with limited capitalist development. The directly usable, predominant wage-good character of food in a sizeable, small commodity production sector with low level of development of productive forces make family consumption nearly a first charge on food production unlike for any other commodity, including non-food agricultural products.⁵² Hence the question of marketed proportions of output is specifically relevant to the food sector.

But to extend the coverage to the entire agricultural sector and to speak of marketed surplus of agriculture is somewhat inappropriate, because goods other than staple food

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are rarely retained for self-use; they may not even be consumption goods. Even food crops, like rice, when grown in regions where it is not the staple diet, are marketed like what are conventionally called commercial or cash crop.⁵³ It is difficult to see why there should be a special discussion of 'marketed surplus of agriculture' which includes non-food crops when there is no such discussion, e.g. of 'marketed surplus' of cloth, produced by handloom weavers. In fact, the food surplus requirements for non-food agricultural investments are analytically and operationally quite similar to those necessitated by industrial investments. This fact, together with the non-retention by the growers for self-use of non-food crops, make it inappropriate to speak of 'marketed surplus of agriculture'. These propositions apply a fortiori to discussions in the context of food policy.

Owing to the factors discussed so far, the literature shows considerable diversity about the manner in which the concept of 'marketed surplus' has been defined. Given the intermingling of three clearly marked context in which the concept evolved plus the emergence of a considerable body of literature directly dealing with what was perceived to be the phenomenon of 'marketed surplus', it is not surprising that very many different conceptualizations should have taken place.⁵⁴ It appears that various definitions have

drawn upon, with different degrees of explicitness, on one or more of the following criteria in arriving at its specific form and content:

- a) Criterion of surplus and subsistence (many different concepts of surplus and subsistence used);
- b) Criterion of the extent of market relations;
- c) Criterion of quantities available to the other sectors;
- d) Criteria of transferability to other sectors with some explicit notions about the nature of the terms on which the transfer is to take place.

In the following, we attempt to discuss some of the important definitions and classifications of the concept of 'marketed surplus' in the light of the kind of criteria used (implicitly or explicitly) for purposes of arriving at them.

We have already referred to the distinction made between 'marketed' and 'marketable' surplus. It seems to derive from the lineage of the distinction between 'actual' and 'potential' surplus.⁵⁵ This, however, is incorrect, because the distinction is not about the nature and quantum of surplus, but about the portion which is actually marketed and that which, in some given circumstances, can be marketed. The surplus element enters in the sense of the sectoral surplus availability to the rest of the economy, like when

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buy-backs are excluded, or when potential sales are worked out irrespective of matching market arrivals.⁵⁶ When 'all disposals other than family consumption'⁵⁷ is taken as marketable surplus, it includes wage payments in kind to labour, retentions for gifts and seeds. Since these are intra-sectoral retentions, they reduce the availability outside the food sector. The non-availability of such retentions as market supplies plus the difficulties of getting data on these matters, make the choice in favour of working with 'marketed surplus'.

Nearly these very problems reappear when distinction is made between gross marketable surplus (total output minus the parts retained for various purposes) and net marketed surplus.⁵⁸ The former amounts to showing availability to the rest of the economy irrespective of whether the market is used for affecting the actual transfer. Thus kind payments or intra-sectoral transactions are excluded from 'gross marketable surplus' because they do not enter the market, while buy-backs by cultivators are included, because it is really retained within the sector.

In these discussions the predominant criterion seems to be that of 'availability to the rest of the economy' - a meaning of 'surplus' quite at variance with what is the generally accepted meaning of the term in the bulk of

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economic theory. The marketing part is, then, of secondary importance. The payments to artisans or farm labourers in kind, which are non-monetized market transactions, or, at times even sales by farm labourers out of the kind payments they receive, are excluded mainly on account of the fact that marketing criterion gets lower priority vis-a-vis the 'availability to the rest of the economy' ('surplus') criterion. The surplus criterion in its technical sense is only partially operative when consumption retentions are emphasized, though without a clear distinction whether it is consumption by workers or consumption by capitalists. However, since no criterion of essentially of consumption seems to be taken into account, it is actual consumption which receives attention irrespective of its character or source.⁵⁹ Different positions taken with respect to obligatory or distress vis-a-vis optional or commercial character of the sales, however, signify attempts towards identifying the groups which bring forth the supplies and the underlying factors.

Lack of much use of surplus criterion is also visible in the fact that hardly any references can be seen to surpluses in terms of finance, labour or non-consumption-goods', real surpluses arising in the agricultural sector. Except in some case studies, little attention, in general is given to micro level concept. Generally, sectoral level, macro

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'marketed surplus' is the focus of discussion. This can be seen in limited attention given to 'marketed surplus' of a single crop as against a group of crops.

A number of difficulties about the actual measurement arise because farmers are generally treated as being cultivators only. Their vertical links with food processing and food trade do not receive much attention. The division of the economy in sectors is taken fairly rigidly and interfaces blurring the distinctions are generally ignored. Consequently, an analysis of inventory behaviour is rarely undertaken with its complex framework of motives, except that some perceptive studies have explicitly discussed the question of inclusion or exclusion of stock from the purview of 'marketed surplus'.⁶⁰

V

From the discussion of various contexts in which analyses of the 'marketed surplus' question can be located, it appears that the lack of clarity, leading to many controversies and basic inconclusiveness arose from two main factors. The reference framework and paradigm of these writings was not made explicit. Hence, these writings attempted to answer many different questions together, leading to answers tending to cut in many different directions.

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Since a good number of different question, as discussed above were clubbed together, there is little wonder that the conceptualizations over 'marketed/marketable surplus' remain vague, somewhat inconsistent and of little operational significance.

Our separate and explicit discussion of the three contexts in which the discussion can be placed brings out the questions, concepts(their connotation and denotation) and their mutual relationship in a sharp focus. Hence we have the basis for a more relevant and logical conceptualisation. The essential phenomenon, in its barest abstraction, is the phenomenon of self-provisioning of a major item of mass consumption, i.e. food, by its growers. This phenomenon has various implications for the problems of development,⁶¹ particularly in a national level planning framework, for the nature of the mode of production and for the management of the food economy. One broad-sweep, blanker concept, like 'marketed/marketable surplus', cannot possibly capture all those elements which are relevant in their respective contexts. The exercise of relating the phenomenon to a specific context would require removing the embargo from the abstracted elements of reality in a systematic and conscious manner according to the requirements of the discussion under reference.

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For example, the phenomenon of self-provisioning has specific implications for the strategy and process of development in so far as relaxation of wage-goods (mainly food) constraint is important for productive absorption of labour⁶² and for providing the wherewithal and incentives for augmenting food supplies. It has important implications for inter-sectoral profile of development in terms of their mutual input-output relationships. The income and price elasticities of demand for food and non-food items, then, become only a shade less important variables than are the increases in food output. Given the need to maintain the material conditions of reproduction, the relevant concept then is the surplus (net output minus subsistence). It would be inappropriate to take surplus in the sense of 'availability to the rest of the economy' because it might come from out of subsistence which would be contrary to development objectives and perspective. Moreover, intra-sectoral needs of surplus may not be any the less significant. In other words, the surplus one is looking for in the context of problems of development is a physical surplus to meet the needs of wage-goods, intermediate goods, capital-goods and, in some specific labour market situations, in terms of labour to be released by improvement in productivity. Basically, food surplus has to be seen as an

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important source for providing a major element of variable capital which also enters into the production of elements of constant capital.⁶³

Moving, next, to the context of the enquiries into the nature of the production exchange relations and changes taking place in these respects, the relevant concept would be the total value of market transactions involving food (as we have discussed, buy-backs, if anything, are an indicator of increased extent of commodity-money relations), i.e. gross value of foodgrains marketed. Interpretation of this indicator in relation to capitalist mode of production has to be a very careful exercise because this is not a sufficient or a unique indicator of capitalist production relations. It has to be read and analysed alongwith many other factors.

The phenomenon of self-provisioning has direct bearing on the questions of food policy both in its regulatory and developmental dimensions. It is important to know the number, location and extent of deficit and self-provisioning households engaged in food production and similar facts about surplus and market dependent households. These facts are instrumental in deciding the nature, sweep and methods of public intervention in the food sector. It is also useful to find out the manner in which these magnitudes change in response to agrarian restructuring,

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price fluctuations (not just variations which ignore the role of price expectations) and output fluctuations. These are important for short-run regulatory measures concerning food policy. Essentially the basic data base for appropriate food policy is to work out the extent of market dependence and the size of market sales or supply. These magnitudes must be worked out in the light of the choice of objectives and instruments of policy. Hence, the phenomenon of self-provisioning in the context of the need to devise an appropriate food policy must be viewed jointly in terms of market dependence for food and market supply of food, alongwith disaggregated details to meet the needs of an appropriate policy package.

To conclude, the concept of 'marketed surplus' not only contains two incongruous elements, but there is also little likelihood of an empirical counter-part of it being found in real life amid the conditions prevalent in countries like India. The growers of food need not market only the surplus component of their output because after all goods other than food also enter their subsistence. Similarly, there is no reason for any food grower to market the entire surplus because even for extended reproduction in the food sector, food surplus will have to provide essential inputs. Thus one

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finds that as far as the concept of 'marketed surplus' as a 'thought concrete' is concerned, there is no 'concrete-real' counter-part of it available. In other words, it is only a concept and does not refer to an actual phenomenon.

Hence, we suggest that the concept of 'marketed surplus' should be replaced by different concepts and categories according to the purpose for which one is analysing the real phenomenon of self-provisioning in the food sector of the Indian economy. We attempted to show that in the context of the theory of development, the relevant concept is one of 'food surplus'. Similarly, in the context of enquiries about the mode of production in Indian agriculture, the relevant concept will be that of "gross annual sales of foodgrains". It was further suggested that in the context of the discussions over food policy, the relevant concepts would be those of market sales of food in conjunction with the phenomenon of market dependence for food. The categories which we have suggested meet both theoretical and operational requirements in various contexts.

Notes and References

1. For a fairly comprehensive bibliography see, Nadkarni, M.V. (1980) Marketable Surplus and Market Dependence Chapter on 'Studies on Marketable Surplus: A Review.' (Allied, New Delhi) pp.1-62. Also Byres, T.J. 1974 "Land Reform, Industrialization and the Marketed Surplus in India: An Essay on the Power of Rural Bias." in Agrarian Reform and Agrarian Reformism (ed. Lehmann, D. Faber and Faber, London, has a very comprehensive bibliography.
2. See also Surveys of Works in the Indian Context by BhagwatiJ & Chakravarty, S. (1971), Contribution to Indian Economic Analysis - A Survey, Lalvani, Bombay pp. 55-56 and by Shah, C.H. 1975. A Survey of Research in Economics, Vol. III, Agriculture (1), ICSSR, Allied, Bombay, pp.51-56. Almost all these works largely deal with empirical questions. Theoretical issues have largely been discussed in the works on development economics, particularly concerning the problems of industrialising underdeveloped late-comer economies.
3. Smith, Adam, The Wealth of Nations, (Modern Library, New York, (ed. Cannen, E.) n.d. Book III, Chapter I, "As subsistence is, in the nature of things, prior to conveniency and luxury, so the industry which procures the former must necessarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords subsistence, must, necessarily, be prior to the increase of the town, which furnishes only the means of conveniency and luxury. It is the surplus produce of the country only, or what is over and above the maintenance of the cultivators, that constitutes the subsistence of the town, which can, therefore, increase only with the increase of the surplus produce." emphasis added. p. 357. Apparently, Smith is explaining the historical process in which the development of agriculture processes that of industry. It transcends the context to argue that Smith is making a universal generalisation, especially in situations of non-spontaneous development, that the development of agriculture must precede and hence should have greater priority over non-agricultural,

or industrial development. In fact his own formulation is that "Without the assistance of some artifice indeed, the cultivation of land cannot be carried on, but without great inconveniency and continual interruption.

----- The inhabitants of the town and those of the country are mutually the servants of one another." p.358 emphasis added. Thus in countries in which agriculture has lagged behind, it has to depend on the "artificers" from other sectors for its development. In fact, Smith goes further and alludes to problems of inter-sectoral exchange, without any one sector necessarily running deficits. He says, "The quantity of the finished work which they (towns) sell to the inhabitants of the materials and provisions which they buy. Neither their employment nor subsistence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finished work; and this demand can augment only in proportion to the extension of improvement and cultivation." pp.358-359. Thus Smith did not argue any a priori case for any inter-sectoral net resource transfer.

Marx, K. Capital, Vol. I Chapters 27, 29, 30 & 31. Book VIII generally. For an analysis of the classical position on the role of agricultural surplus, See, Lipton, M. - 1977, Why Poor People Stay Poor: A Study of Urban Bias in World Development. Temple Smith, London, 1977, pp.92-100. The historical process of development experienced during 18th and 19th centuries involved great expansion of industries necessitating transfer of agricultural surpluses. The positions taken by the classical political economy is apparently influenced by the historical conjuncture.

4. For a review of the Soviet industrialization debate and particularly in the role of agricultural surplus, See Preobrazhenski, E. (1965) The New Economics (1924), Clarendon, Oxford. Also Vyas, A. 1978, Consumption in a Socialist Economy: the Soviet industrialization Experience 1929-1937 Peoples' Publishing House, New Delhi.

5. Cf. Desai, M.B., 1961, "The food surplus in particular but agricultural surplus in general would determine the rate and content of industrialization, and therefore, the nature and tempo of opportunities for non-farm employment and income generation. A successful food policy is synonymous with a sizeable marketed surplus as only under such comfortable positions it would be possible to achieve success in such important fields as prices, controls, regulations, etc. in Problems of Marketable surplus in Indian Agriculture, Reporteur's Report, Indian Journal of Agricultural Economics Jan-March, 1961, Vol. XVI, No. 1, p.114.
6. Marx, K. (1971), Capital, Vol. III, Chapter XL VII, Progress, Moscow.
7. Surveys by Nadkarni (Op.cit.) and Bhagwati J. and Chakravarty, S. (Op.cit.) for a detailed account of various works. The latter say, "Indian economic analysis has concerned itself with two principal questions relating to the marketed surplus of agricultural food-grains: (1) Does this surplus vary directly with the relative price of these goods or does it behave perversely; and (2) What is the share of holdings of different sizes on the supply of marketed foodgrains?" pp.55-56.
8. See, Rastyannikov, V.G. (1975) The Agrarian Evolution of Indian Society in the 50s and 60s of the 20th century in India: Social and Economic Development (18th - 20th centuries). Pavlov, V. & Others. Progress, Moscow, particularly pp.114-122. It is worth-noting that while asking questions about the extent of commoditisation in Indian agriculture, Rastyannikov does not use the term marketed surplus. Instead, he appeals of 'marketed produce', 'marketable product', 'marketable product' etc. Nadkarni, M.V. (1980, Op.cit.) is among the few Indian scholars who took note of the work of Rastyannikov. However, Nadkarni attribute to the latter the concept of 'marketed surplus' while it does not at all figure in the work under reference. pp.34-35.
9. Byres, T.J. (1974), Op.cit. pp.221-261.

It represents the case of an 'industrializer' who "recognises that the pace of industrialization depends critically upon the release of resources from agriculture."

(p.221). Parthasarathi G.P. "Dilemmas of Marketable Surplus Indian Experience" The Indian case, quoted by Nadkarni, (Op.cit) p.20, makes the point that "as long as the focus of studies on marketable surplus was an intersectoral flows, market dependence within the agricultural sector itself was not adequately recognised." It is worth-noting that the market dependence within agricultural sector is rather sizeable. For data on the market dependence of the landless agri-cultural labourers, See, Government of India, Reports of the Agricultural Prices Commission, for Kharif Cereals, 1968-69 and 1969-70.

10. For the variety of ways in which the concepts like - marketed surplus, marketable surplus, gross marketed surplus, net marketed/able surplus, commercial and distress surplus, objective and subjective marketable surplus, See the various surveys cited earlier, more particularly the one by Nadkarni (1980) (Op.cit.).
11. Ishikawa, S. (1967), Economic Development in Asian Perspective Kinokuniya Book Store, Tokyo, discusses "the direction and magnitude of net resource flow between agriculture and industry that are likely to arise in the various stages of economic development in the contemporary developing countries." (p.290) Chapter 4. Ishikawa sums up the generally perceived position as "it is almost commonly suggested that the major source for funds for financing economic development starting from a predominantly economic base must be a net resource flow out of agriculture and barring substantial external aid, this is an inevitable cause." p.291. Lipton, M. (1977) cites many studies which consider 'marketed surplus' of agriculture a critical contribution to growth. Among other works which take this position, mention may be made of the following.
 - Johnstan, B.F. and Mellors, J.W (1961) "Agriculture in Economic Development, American Economic Review, Vol. LI, No. 4 Sept. 1961. Nicholls, W.H. "Agricultural Surplus As a factor in Economic Development Journal of Political Economy, Vol. 71, No. 1, Feb. 1963. UNECAFE (1965) Economic Survey of Asia and the Far East 1964 Bangkok, Chapter 2, Pt.I pp.55-67, stresses the strategic importance of the role of agricultural savings in early economic development.

12. Baran, P. (1957), Political Economy of Growth, M.R. Press, New York, for an exhaustive analysis of the role of 'surplus' in economic development. Sachs, I. (1976) The Discovery of the Third World, MIT Press, Cambridge, Massch. Chapter 9 for a simple analysis of the role of surplus in development.

13. In some cases the problem of 'marketed surplus' has been identified with that of intersectoral flows, e.g. Dixit, A.G. (1969) "Marketable surplus and Dual Development" Journal of Economic Theory pp. 203-219, says, "A new quantity enters the planners calculations, viz; the amount of food available for sale to the industrial workers. The policy concerning it constitutes the marketable surplus problem." p.205. Byres T.J. Op.cit (p.39) formulates the issue of the need for agricultural surpluses for the early phase of industrialization in a manner amounting to question-begging. He seeks to spell out the kind of resource flow that is necessary in the early years of industrialization (or the period of primitive accumulation) when the rate of industrial growth is critically dependent upon the transfer of an agricultural surplus." The period for which resource needs are to be spelt out is defined as one needing agriculture surplus transfer.

14. Apart from Marx, K., Capital, Vol. I, cited earlier, the classic on the question of primitive accumulation, particularly with respect to agriculture, is the work of Proobrazhenski, E. (1965) Op.cit.

15. For the Soviet experience, See, Dobb, M. (1966), Soviet Economic Development since 1917, Routledge, London. Also many selections in Spulber, N. (ed.) (1964). Foundations of Soviet Strategy for Economic Growth, Indiana. Among later critiques, which places the role of agricultural surpluses in a more balanced manner and based on careful analysis of recent evidence are Ellman, Michael, "Did the Agricultural Surplus provide the Resources for the Increase in the Investment in the U.S.S.R. during the First Five Year Plan?" Economic Journal, Vol. 85, December, 1975. For Japanese experience, See, Ishikawa, S., Op.cit. Also, Sinha, Radha, (1979), "Agriculture and Economic Development in Meiji Japan" Development and Change, Vol. 10 No.4, October, 1979, pp.601-625, Many other works are cited by Ishikawa.

16. Byres, Op. cit. p.41, "Agriculture dominates the Asian underdeveloped economy and must, because of its dominating position, supply a large proportion of the finance for the capital formation inherent in industrialization."

17. The way the two issues are combined can be seen in the following formulation by Byres, T.J., Op. cit. (p.40), "If the marketed surplus of food is not forthcoming both in sufficient quantity and on favourable terms, industrialisation will be held back, and we stress the two-fold nature of the problem." (emphasis added). There have been attempts to suggest that authors like Preobrazhenski, E. (Op. cit.) have also argued a case for transfer of agricultural surpluses to industry. This is apparently based on misreading of his argument about what Smirnov, V.M. termed "primitive socialist accumulations", which has important similarities as well as differences with 'primitive capitalist accumulation.' The "latter began before capitalist production, whereas the former has to take place simultaneously with the beginning of the transition to socialist production and with accumulation in the socialist complex itself." (p.83) Moreover, according to Preobrazhenski while socialist primitive accumulation "partly does away with the law of value and all the laws of commodity and capitalist commodity economy" (p.84), the capitalist primitive accumulation operates even before the laws of the capitalist mode of production begin to operate. Hence it would be inappropriate to infer that the arguments of Preobrazhenski are germane to cases of capitalist industrialization like that of India.

18. As Kaldor, N. maintained "What are the limits on wage-employment-----wage-goods to pay for their work-----The size of the agricultural surplus is the vital factor that limits the wage labour force." Cited in R. Robinson (ed.) Developing the Third World. P.98. Cambridge Univ. Press, London.

/in any country at any given time.

19. Even the term 'agricultural surplus' can be defined in so many different senses. Ellman, M., (1975) Op. cit. p.851 has given three definition of the term "agricultural surplus" (which incidentally leave the definition of the term 'surplus' still open) as follows:
- (1) agricultural export surplus, - visible export

surplus of agriculture, as a country, trading with another country" industry." (2) The net agricultural surplus, which measures agriculture's net contribution to net investment in the economy as a whole. (3) Net agricultural industrialization surplus which measures agriculture's net contribution to the net resources which industry has available for investment in the economy as a whole.

20. Cf. Byres, T.J. (Op.cit) p.42.
21. Cf. Preobrazhenski, E. (Op.cit) Byres, T.J. (Op.cit) Also, Sayal, K.K., (1975-76) "Terms of Trade Between a Controlled Industrial Sector and an Uncontrolled Agricultural Sector, Arthaniti Griffin, K. (1979), says....."particularly in the early stages, growth has been associated historically with a shift of investible resources from agriculture to industry. This shift of resources cannot occur unless the rural areas produce surplus and either voluntarily or by compulsion dispose of it in either urban or foreign markets." The Political Economy of Agrarian Change. Second edition, Macmillan, London p.110, Also pp.112-114. He considers the combination of a free market and concentration of land sufficient to generated marketable surplus, "but this combination is not sufficient to assure that there will be a net transfer of resources to urban areas? Ibid, P.93.
22. Surplus in economic theory, particularly in the context of theories of development, refers to that part of output which is left over after providing for subsistence. See Proobrazhenski, E. Op.cit, p.183-184. As Joan Robinson and John Eatwell (1973) An Introduction to Modern Economics, Tata McGraw Hill, New Delhi, p.14. put it, "The surplus is the volume of commodities over and above that required to support the workers who produced it". Later on in the same volume, they maintain that, "The development of industry depends on the existence of an agricultural surplus - an excess of net output of food over what the cultivators eat (Agricultural Products are also important as raw materials and for export)." p.317. Thus we see a clear-cut definition of agricultural surplus as an excess of net output of food over what the cultivators eat. However it must be said that determining "what the cultivators

eat" is not easy. As sacks (OP.cit, p.166) puts it, But subsistence does not lend itself very well to quantification, as the level of subsistence is a cultural concept, variable in space and time, implying value judgements in addition to physiological norms. This is especially true when the society is rich."

Some confusion about the concepts of surplus and subsistence arises because 'subsistence' is not distinguished from a 'subsistence economy' or a 'subsistence unit'. An example of it can be seen in Mitra, A., (1957) "The concept of subsistence", Economic Weekly, May 25, 1957, pp.659-661. When he says that "The absence of surplus, therefore, ought to be regarded as the essence of subsistence", obviously the reference seems to be to either a subsistence economy, sector or a subsistence unit. Otherwise, capitalist production, or for that matter any exploitative mode of production, which simultaneously provides subsistence for the work-force and surplus for the owners of the means of production, would cease to exist because the absence of surplus, according to this view, constitutes the essence of subsistence." For the definition of subsistence farmer, see, Wharton, C., (1969), Subsistence Agriculture and Economic Development, Chicago, pp.14-15, "the most common starting point for a definition of a subsistence farmer or peasant is that the farm family's goal of production is for family food rather than commercial sale."

23. Cf. Mitra, A., (1957) OP.cit. p.661.
"the concept of surplus has nothing to do with the degree of monetization."
2. Nadkarni (1980), OP.cit sums up his survey of various studies showing the responsiveness of marketed supplies to changes in farm output in the following manner,
".....the evidence on the output elasticity of marketed surplus is fairly conclusive in one respect. Not only it is positive, but in general the elasticity is also greater than unity, indicating a more than proportionate response." (p.58) It follows from the above that the most effective method of increasing 'farm surplus' is by increasing agricultural production.
25. This is not the same thing as saying that additional investment is a sufficient condition for augmenting farm output.

26. See, Rastyannikov, V.G. (1975), OP.cit. For many other works, see, Kotwal, O.P. (1979) Indian Economy in Soviet Perspective, Sterling, New Delhi. Chapter 4.
27. Commodity production, i.e. commercialization of the products is not the same thing as commodity - capitalist production.
28. For the debate on the mode of production in Indian agriculture, See, Thorner, D., Capitalist Farming in India, Economic and Political Weekly (EPW). 1969, Rudra, A. In search of the capitalist Farmer, EPW, June, 1970.
P. Chattopadhyay (1978) On the question of the Mode of Production in Indian Agriculture: A Preliminary Note. EPW, March 25, 1972, Frank, A.G. (1973) On Feudal, Modes Models and Methods of Escaping Capitalist Reality EPW, Jan. 6, 1973. Patnaik, U. (1972) Development of Capitalism in Agriculture, Social Scientist, Vol. I, No. 2, 1972.
29. In defining 'marketed' and marketable surplus, a good deal of attention has been paid to the phenomenon of "buy-back". Dharma Narain, (1961) Distribution of Marketed Surplus of Agriculture Produce by size level of Holdings in India: 1950-61. Asia, Bombay, called it "distress sale" as contrasted to what Rao, V.K. R.V. (1961) in his Foreword to Dharma Narayan (OP.cit.) called "commercial sale." Rastyaminkov, (1975) OP.cit. p.112 writes "However, the small cultivators social environment compels him to sell far more than is dictated by economic necessity. The money obtained from the "excess" sales of his produce is spent to cover all sorts of obligations which have nothing to do with the normal course of reproduction (exorbitant cash rent as well as personal consumption determined by the traditional social duties, taxes, etc.)."
- 30- Cf. Mitra, A. (1977), "In the contrary case, where the proceeds from market transactions are mostly utilised for buying non-farm consumption articles, the subsistence character becomes immediately prominent. Thus it may seem more satisfying that the emphasis while defining the notion of subsistence should not on proportion of market transactions to total output but on the proportion of total consumption to again total output both being expressed in terms of the same standard of value. OP.cit. p.660.

31. Cf. Nadkarni, (Op.cit., p.23-24) "Though marketable surplus is not identical to investible surplus, it largely determines the latter."
32. Cf. Rastyamnikov, (1975), "But to get back to the subsistence type traditional farms. The extent to which commodity money relations penetrate these originally closed economic units depends on the extent of their involvement in the social division of labour, and, in particular, on the overall economic development determining the emergence of new sources of cash income for the small producers, mostly as the possibility of selling labour."
33. While there are some who concern themselves with aggregate sectoral 'marketed surplus; e.g., Thamrajakshi, P. (1969), "intersectoral Terms of Trade and Marketed Surplus of Agricultural Produce, 1951-52 to 1965-66" EPW, 23 June, 1969, PP.A 91-100, a large number of studies deal with individual cultivator's behaviour in this respect, Nadkarni, (1980) Op.cit. reviews a number of such studies, pp.50-58.
34. Patnaik, U., (1975), "Contribution to the output and Marketable surplus of Agricultural Products by Cultivating Groups in India, 1960-61, EPW, 27 Dec. 1975, P. A-95.
35. The way rent, interest and other charges eat into the surpluses of the cultivators, particularly on account of concentration of land ownership, is well documented in a large number of studies. See Griffin, K. (1979) Op.cit. for the way there may be non-productive uses of marketed surplus. As Nadkarni, (Op.cit.) puts it "marketable surplus can be created under feudal conditions, too, but this may only go towards usurious and unproductive investment and conspicuous consumption by the feudal elite, which benefits the growth of neither agriculture nor industry. pp.9-10.
36. See, Nadkarni, (1980) Op.cit. pp.58-60.
37. Kabra, K.N. (1981) Food and Development: A Political Economic Analysis of Food Policy in India, 1950-1977. An unpublished Report, for the National Food Policy Project of CRESSIDA-UNRISD as a part of the study on Food Systems and Society for the Eastern India(unpublished).

38. Among large number of studies on the supply response of agricultural production, mention may be made of Hati, Asoka, (1975) Non-linear marketable surplus functions, EPW, 17 June, 1976. pp.1080-1084. Mathur, P.N. and Ezekiel, H. (1961) "Marketable Surplus function of Food and Price Fluctuations in a Developing Economy", Kyklos, Vol. 14, pp.396-408; Dandekar, V.N. (1964), Prices Production and Marketed Surplus of Foodgrains." Indian Journal of Agricultural Economics, Vol. 19, Nos. 3 and 4, July-Dec. Also Dubey, V. (1963) "The Marketed-Agricultural Surplus and Economic Growth in Under-developed countries." Economic Journal Vol. 73, No. 292, Dec.
39. See References cited in Note 38 and in the survey referred to earlier.
40. Bhagwati, J. and Chakravarty S. (1971) OP.cit. pp.55-66.
41. Many studies make use of market arrival data for purposes of marketed surplus. See e.g. Clark, Colin, and Turner, J.B. (1970) "Family consumption and marketable Surplus" Oxford Agrarian Studies, Vol. VI, pp.1-25, as quoted by Nadkarni (1980) OP.cit. p.27.
42. Shah, C.H. (1925) OP.cit. and Nadkarni, (1980), OP.cit. Nadkarni sums up the survey of empirical works on this question as follows: "In contrast to the confusing diversity of results on price responsiveness, the evidence on the output elasticity of marketable surplus is fairly conclusive in one respect. Not only it is positive, but in general the elasticity is greater than unity, indicating a more than proportionate response. Output seems to be the most important determinant of marketable surplus in the micro-setting, and even the price response studies have felt it essential to bring in the influence of price via output." p.53.
43. Apart from the a priori level weakness of such an argument, much complacent view seems to have been taken of the historical evidence on the role of agriculture as the financier of industrial investments, as e.g. in Griffin, K. (1979) OP.cit p.108, "particularly in the early stages, growth has been associated historically with a shift of investible resources from agriculture to industry." Radha Sinha (OP.cit) and Ishikawa(OP.cit) show this view, with respect to Japan, to be misleading. Ellman, M. (OP.cit) has put a question mark with respect to the Soviet experience in this respect,

who wrote "the increase in investment during this period (1928-32) required both labour and commodities. The increase in the labour force came mainly from agriculture and was fed on food obtained from agriculture. The increase in commodities came largely from industry and construction themselves." p.854. Ellman clearly says, "there is no basis whatsoever for the view that the increase in investment during the First Five Year Plan was financed by an increase in agricultural surplus", Ibid. p.859.

44. Vyas, U.S. and Bandyopadhyay, "National Food Policy in the Framework of a National Food Budget," EPW Review of Agriculture, March 1975 pp.A 2 to A-13.
45. A self-provisioning farmer may well be a 'surplus' farmer who, after meeting his own needs for simple reproduction, is left with an excess of output for disposal in many different ways. On the other hand, even a 'deficit' farmer may be a self-provisioning farmer to the extent permitted by his command over resources and his level of productivity. For the rest of his subsistence reproduction requirements he takes recourse to sale of labour and borrowing.
46. Similar to 'distress' and 'commercial sales' is the distinction between 'obligatory' and 'optional' sales made by Sanghvi, P. (1969) Surplus Manpower in Agriculture and Economic Development Asia, Bombay and also by Bell, Clive (1974) "Ideology and Economic Interests in Indian Land Reforms" in Lehmann, D. ed. (Op.cit) p.210.
47. It is rarely realized that the phenomenon of "distress" sale and "buy-back" are related to the farm harvest prices obtainable by the farmers, particularly smaller ones. As Shah, C.H. (1975) perceptively put it, "Since the price at which sales are made and the prices at which the supplies are bought back would be at two different levels, the behaviour of the farmer in relation to the two quantities would be governed by the differential in these two levels. Op.cit. p.53.

48. Rationing of foodgrains "ensures that calories are distributed in an equitable manner, although it leaves the distribution of wealth and income essentially unaltered" (p.133) On the other hand, "a more equitable distribution of income would in itself ensure a more equitable distribution of food." (p.134), Griffin, K.(1979) OP. cit.
49. See for references earlier notes on various surveys.
50. Many writings by Marxist scholars on food policies speak of 'traded output' or 'marketable product' or 'marketed grain' but not of 'surplus' marketed or not. See, for instance, Rastvannikov, V.G. "The Food Problem in Developing Countries of Asia and Africa" (translation in Soviet Sociology, Vol. 6, No. 3, as quoted by Remnek, R.B. (1975) Soviet Policy Towards India, Oxford & IBH, New Delhi, p.264). Similarly one cannot find the term 'marketed/able surplus' in Probrazhanski, E. OP. cit. Even in the writings of Lenin, V.I on the theme of agriculture and capitalist development, like 'Development of Capitalism in Russia.' collected works Vol. 3 Review of Kantsky's book on the Agrarian Question and Capitalism in Agriculture, Volume 4 and Capitalism and Agriculture in the U.S.A. Volume 22 (Progress, Moscow, 1964) one fails to see any mention of the concept of 'marketed/able surplus.'
51. Many difficulties crop up by ignoring the distinction between the reproduction and the circulation sphere. For instance, Bettelheim, C. (1972) "Theoretical Comments" in Appendix I, on Emmanuel, A. Unequal Exchange: A Study of the Imperialism of Trade, NR Press, New York, pp.274-276, says that "the idea of an exploitation" based on simple exchange relations merely indicates the existence of a problem, namely, that of the reproduction of those exchanges - this reproduction necessarily refers back to specific production relations the nature of which must be defined." (emphasis original).
52. In the literature on the question of 'marketed/able surplus', one often comes across references to agricultural 'marketed/able surplus' and 'marketed/able surplus' of food, as though the concepts were equally

or similarly relevant in the two cases. Such usages fail to take into account the special character of food in so far as the phenomenon of self-provisioning is concerned. Thamrajakshi, R. (OP.cit.) works with the concept of marketed surplus of agricultural produce, including crop and arrival husbandry. Nadkarni (OP.cit.) pp.34-36) shows that their empirical studies have their estimates of 'marketed surplus', with no size-class having negative surplus, vitiated on account of inclusion of "usual non-food crops, but also the value of produce from plantations", which are "operated under highly commercialized and generally in big, holdings." It is obvious that crops which are not directly consumable must be marketed, except in cases like gur, in which the farmers also take to crude processing. See Nadkarni, (OP.cit.) pp.5-7) who despite maintaining that marketed surplus of "foodgrains is of special significance" does not give up the use of the agricultural term marketable/ed surplus.

53. As a study by Vyas, V.S. and Maharaja, M.H., (1966), "Factors Governing Marketable Surplus and Marketed Supplies - A study of Two Regions of Gujarat and Rajasthan" Arthavikas, Vol. 2, No. 1, Jan. pp.52-78 shows that small farmers and large farmers market comparable quantities of non-food crops. Even when the crop is directly consumable but is not the staple diet of the growers, almost the entire net output of it would be sold. It has been found by Singh R. and George, M.V. "Production and Marketed Surplus of Paddy in Panjab" Agricultural Situation in India, May 1969 that in Karnal and Amritsar districts of Panjab, generally as much as 91 percent of the paddy is sold.
54. See, Nadkarni, OP.cit. (pp.3-5) Also, Dharmo Narain, (OP.cit.) for definitions of marketed/able surplus.
55. Baran, P. (1957) (OP.cit.).
56. Patnaik, U. (OP.cit.)
57. Krishna, Raj. "The Marketable Surplus function for a subsistence crop: Analysis with Indian Data." EPW Feb. 1965 Annual Number.
58. Dharm Narain (1969) OP.cit.
59. Cf. Sachs, I. (1975) OP.cit. p.166 "Surplus is not easily defined. When considered as the difference between production and consumption it becomes banal. If subsistence is substituted for consumption, that is

to say, the consumption deemed necessary for maintaining the labour force, surplus becomes the measure of freedom in the allocation of the product."

60. Nadkarni (op.cit) pp.3-4.
61. The processes of social division of labour, separation of direct producers from the means of production, creation and expansion of the home market and commercialization of produce, land and labour market are all intimately linked up with the nature, extent and rationale of self-provisioning of food by its producers. See, Lenin, op.cit. Vol. 3, especially Chapters 2,3, & 4.
62. The surplus labour thesis advanced by Murkse, R.(1955) Problems of Capital Formation in Under-developed Countries Oxford, Basil Blackwell, 4th ed.
63. Cf. Lenin, V.I op.cit. "---- the means of subsistence of the small producer become the material elements of the variable capital, i.e. of the sum of money expended by the employer for hiring workers." p.68.

